

## II. ORIGINATION THROUGH POST-CLOSING/ENDORSEMENT

### A. Title II Insured Housing Programs Forward Mortgages

#### 8. Programs and Products - 203(k) Rehabilitation Mortgage Insurance Program

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#### (3) After Improved Value

To establish the After Improved Value, the Mortgagee must obtain an appraisal of the Property subject to the repairs and improvements.

#### (B) Documents to be Provided to the Appraiser at Assignment

The Mortgagee must provide the Appraiser with a copy of the Consultant's Work Write-Up and Cost Estimate for a Standard 203(k), or the work plan, contractor's proposal and Cost Estimates for a Limited 203(k).

#### ix. Maximum Mortgage Amount for Purchase

The maximum mortgage amount that FHA will insure on a 203(k) purchase is the lesser of:

- the appropriate Loan-to-Value (LTV) ratio from the [Purchase Loan-to-Value Limits](#), multiplied by the lesser of:
  - the Adjusted As-Is Value, plus:
    - Financeable Repair and Improvement Costs, for [Standard 203\(k\)](#) or [Limited 203\(k\)](#);
    - Financeable Mortgage Fees, for Standard 203(k) or Limited 203(k);
    - Financeable Contingency Reserves, for [Standard 203\(k\)](#) or [Limited 203\(k\)](#); and
    - Financeable Mortgage Payment Reserves, for [Standard 203\(k\)](#) only; or
  - 110 percent of the After Improved Value (100 percent for condominiums); or
- the [Nationwide Mortgage Limits](#).

For a HUD REO 203(k) purchase utilizing the Good Neighbor Next Door (GNND) or \$100 Down sales incentive, the Mortgagee must calculate the maximum mortgage amount that FHA will insure in accordance with [HUD REO Purchasing](#).

#### x. Maximum Mortgage Amount for Refinance

The maximum mortgage amount that FHA will insure on a 203(k) refinance is the lesser of:

1. the existing debt and fees associated with the new Mortgage, plus:
  - Financeable Repair and Improvement Costs, for [Standard 203\(k\)](#) or [Limited 203\(k\)](#);
  - Financeable Mortgage Fees, for [Standard 203\(k\)](#) or [Limited 203\(k\)](#);
  - Financeable Contingency Reserves, for [Standard 203\(k\)](#) or [Limited 203\(k\)](#); and
  - Financeable Mortgage Payment Reserves, for [Standard 203\(k\)](#) only; or
2. the appropriate LTV ratio below, multiplied by the lesser of:
  - the Adjusted As-Is Value, plus:
    - Financeable Repair and Improvement Costs, for [Standard 203\(k\)](#) or [Limited 203\(k\)](#);

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#### **o. HUD Real Estate Owned Purchasing**

##### **i. Definition**

##### **(A) HUD REO Property**

A HUD Real Estate Owned (REO) Property, also known as a HUD Home or a HUD-owned home, refers to a one- to four-unit residential Property acquired by HUD as a result of a foreclosure or other means of acquisition on an FHA-insured Mortgage, whereby the Secretary of HUD becomes the property owner and offers it for sale to recover the mortgage insurance claim that HUD paid to the Mortgagee.

##### **(B) Insured HUD REO Property Purchase**

An Insured HUD REO Property Purchase refers to the purchase of a HUD REO Property by a Borrower with a new FHA-insured Mortgage.

##### **(C) Insured HUD REO Property Purchase Programs**

##### **(1) Section 203(b)**

The HUD REO Property meets HUD's Minimum Property Requirements (MPR) in its as-is condition with no repairs, alterations, or inspections required.

##### **(2) Section 203(b) With Repair Escrow**

The HUD REO Property does not meet HUD's MPR in its as-is condition, but if repairs of no more than \$5,000 are completed, the HUD REO Property would meet HUD's MPR. An escrow account to complete the repairs necessary to meet MPR after closing is required.

##### **(3) Section 203(k)**

The HUD REO Property does not qualify for Section 203(b) or Section 203(b) with Repair Escrow, and is eligible for FHA-insured financing only under Section 203(k).

##### **(D) Special Sales Incentives**

##### **(1) Good Neighbor Next Door**

The Good Neighbor Next Door (GNND) sales incentive permits an Owner-Occupant Borrower who is a full-time law enforcement officer, teacher, firefighter, or emergency medical technician who meets HUD requirements to purchase a specifically designated HUD REO Property located in a HUD-designated revitalization area with FHA-insured financing at a 50 percent discount from the purchase price. When using FHA-insured financing, the Borrower may purchase the HUD REO Property with a minimum downpayment

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of \$100. In addition, the Borrower may include in the mortgage amount customary and reasonable closing costs.

GNND purchases may be processed as Section 203(b), Section 203(b) with Repair Escrow, or Section 203(k).

#### **(2) \$100 Down**

The \$100 Down sales incentive permits a Borrower to purchase a HUD REO Property with FHA-insured financing with a minimum downpayment of \$100.

\$100 Down purchases may be processed as Section 203(b), Section 203(b) with Repair Escrow, or Section 203(k).

### **ii. Sales Contract and Required Supporting Documentation**

#### **(A) General**

The Mortgagee must obtain form HUD-9548, *Sales Contract Property Disposition Program*, and any applicable addenda, which will establish the purchase price, price discount, eligibility for GNND and eligibility for \$100 Down, and meet the requirements for the [Sales Contract](#).

#### **(B) Contract Sales Terms**

Line 4 of the sales contract will specify the Insured HUD REO Property Purchase Program under which the Borrower is applying, the downpayment, and the mortgage amount.

Regardless of the Insured HUD REO Property Purchase Program entered on Line 4 of form HUD-9548, the Mortgagee must determine the eligibility of the Property, the eligibility of the Borrower, and the specific Insured HUD REO Property Purchase Program that must be used to finance the purchase.

#### **(C) Good Neighbor Next Door**

Where the Borrower is approved for the GNND sales incentive, Line 8 will specify the discount that will be applied to the purchase price on Line 3. The amount of the cash downpayment specified on Line 4 will be \$100.

#### **(D) Eligible Nonprofit or State or Local Government Agency Borrower**

Under certain circumstances, eligible nonprofit or state and local government agency Borrowers may purchase Properties at a discount from the stated listing price. Line 8 will specify the discount that will be applied to the purchase price on Line 3.

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##### **(E) \$100 Down**

Where the Borrower has been approved for the \$100 Down sales incentive, the amount of the cash downpayment specified on Line 4 will be \$100.

##### **(F) Closing Costs and Sales Commissions Paid by HUD**

The amount on Line 5 specifies the amount of closing costs that HUD will pay on behalf of the Borrower. The amounts on Line 6a and 6b represent the sales commissions HUD will pay to the selling and listing broker.

Contributions by HUD toward the Borrower's closing costs are not defined as Interested Party Contributions ([TOTAL](#) or [Manual](#)) or Inducements to Purchase ([TOTAL](#) or [Manual](#)).

#### **iii. Ordering Case Numbers**

##### **(A) Section 203(b) and Section 203(b) With Repair Escrow**

Mortgagees must order case numbers for Insured HUD REO Property Purchases in accordance with [Ordering Case Numbers](#).

Mortgagees must select "Real Estate Owned w/Appraisal" for Processing Type and enter the case number of the HUD REO Property in the Prior Case Number field. The HUD REO Property case number can be found on the top right-hand corner of form HUD-9548.

##### **(B) Section 203(k)**

Mortgagees must order case numbers for Insured HUD REO Property Purchases in accordance with [Case Number Assignment Data Entry Requirements](#).

Mortgagees must select "Real Estate Owned w/Appraisal" for Processing Type and enter the case number of the HUD REO Property in the Prior Case Number field. The HUD REO Property case number can be found on the top right-hand corner of form HUD-9548.

#### **iv. Appraisals**

##### **(A) Ordering Appraisals**

###### **(1) Section 203(b) and Section 203(b) With Repair Escrow**

Mortgagees must order appraisals in accordance with the requirements of [Ordering Appraisals](#).

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##### **(2) Section 203(k)**

Mortgagees must order appraisals in accordance with the requirements of [Ordering Appraisals](#) and [Appraisals for Standard 203\(k\) and Limited 203\(k\)](#).

##### **(B) Appraisal Review and Property Acceptability**

The Mortgagee must review the appraisal and property conditions in accordance with the requirements of [Underwriting the Property](#).

#### **v. Occupancy Types**

##### **(A) Principal Residence**

An Owner-Occupant Borrower may purchase HUD REO Properties using Section 203(b), Section 203(b) with Repair Escrow, and Section 203(k).

##### **(B) Investment Property**

###### **(1) Eligible Nonprofit or State or Local Government Agency Borrower**

An eligible nonprofit or state or local government agency Borrower may purchase HUD REO Properties using Section 203(b), Section 203(b) with Repair Escrow, and Section 203(k).

###### **(2) Investor**

A Borrower may purchase HUD REO Properties as Investment Properties using Section 203(b) or Section 203(b) with Repair Escrow.

#### **vi. Maximum Mortgage Amounts**

##### **(A) Section 203(b)**

Mortgagees must calculate the maximum mortgage amounts in accordance with the requirements of [Calculating Maximum Mortgage Amounts for Purchases](#), using the applicable Loan-To-Value ratio (LTV) from this section, subject to [LTV Limitations Based on Borrower's Credit Score](#).

###### **(1) Owner-Occupant Borrower**

The maximum LTV is 96.5 percent.

###### **(2) Eligible Nonprofit or State or Local Government Agency Borrower**

The maximum LTV is 96.5 percent.

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Where the eligible nonprofit or state or local government agency Borrower purchases the HUD REO Property at a discount, Mortgagees must calculate the discounted purchase price in accordance with the requirements for calculating the discounted purchase price for GNND transactions. The discounted purchase price shall be used when determining the Adjusted Value.

#### **(3) Investor**

The maximum LTV is 75.0 percent.

#### **(B) Section 203(b) With Repair Escrow**

Mortgagees must initially calculate the mortgage amount in accordance with the requirements for Section 203(b) above. Mortgagees must add to the amount resulting from that calculation the amount of an escrow account for the completion of repairs after closing.

The maximum escrow amount must be based on the sum of the repairs required to meet the intent of HUD's MPR, plus a 10 percent contingency. The total escrow amount, including the 10 percent contingency, must not exceed \$5,500.

#### **(C) Good Neighbor Next Door**

##### **(1) Discounted Purchase Price**

Mortgagees must calculate the discounted purchase price and use that amount as the purchase price in determining the Adjusted Value for a 203(b) transaction or the Adjusted As-Is Value for a 203(k) transaction.

The discounted purchase price is calculated by reducing the contract sales price on Line 3 of form HUD-9548 by the discount percentage on Line 8 of form HUD-9548. To that amount the Mortgagee must add:

- sales commissions from Line 6 of form HUD-9548; and
- any Borrower-paid closing costs (including prepaid expenses).

##### **(2) Section 203(b)**

Mortgagees must calculate the maximum mortgage amount by subtracting \$100 from the Adjusted Value.

##### **(3) Section 203(b) With Repair Escrow**

Mortgagees must calculate the maximum mortgage amount by subtracting \$100 from the sum of the Adjusted Value plus 110 percent of the estimated cost of repairs, not to exceed \$5,500.

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##### **(D) \$100 Down**

###### **(1) Section 203(b)**

Mortgagees must calculate the maximum mortgage amount by subtracting \$100 from the Adjusted Value.

###### **(2) Section 203(b) With Repair Escrow**

Mortgagees must calculate the maximum mortgage amount by subtracting \$100 from the sum of the Adjusted Value plus 110 percent of the estimated cost of repairs, not to exceed \$5,500.

##### **(E) Section 203(k)**

###### **(1) Owner-Occupant Borrower**

Mortgagees must calculate the maximum mortgage amount in accordance with the requirements of [Section 203\(k\) Maximum Mortgage Amounts for Purchases](#).

###### **(2) Eligible Nonprofit and State and Local Government Agency Borrower**

Mortgagees must calculate the maximum mortgage amount in accordance with the requirements of [Section 203\(k\) Maximum Mortgage Amounts for Purchases](#).

Where the eligible nonprofit or state or local government agency Borrower purchases the HUD REO Property at a discount, Mortgagees must calculate the discounted purchase price in accordance with the requirements for calculating the discounted purchase price for GNND transactions. The discounted purchase price must be used when determining the Adjusted As-Is Value.

###### **(3) GNND and \$100 Down**

The maximum mortgage amount that FHA will insure on a GNND 203(k) purchase is the lesser of:

- the Adjusted As-is Value, plus:
  - Financeable Repair and Improvement Costs, for [Standard 203\(k\)](#) or [Limited 203\(k\)](#);
  - Financeable Mortgage Fees, for [Standard 203\(k\)](#) or [Limited 203\(k\)](#);
  - Financeable Contingency Reserves for [Standard 203\(k\)](#) or [Limited 203\(k\)](#);
  - other purchaser-paid closing costs, including pre-paid expenses; and
  - Financeable Mortgage Payment Reserves, for [Standard 203\(k\)](#) only;
  - minus \$100; or
- 110 percent of the After Improved Value (100 percent for condominiums), minus \$100; or
- the [Nationwide Mortgage Limits](#).

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#### **vii. Additional Section 203(b) With Repair Escrow Requirements**

##### **(A) FHAC Insuring Application**

The Mortgagee must check “Yes” in the Escrow Data field. The Mortgagee must enter the amount of the escrow, including the contingency, in the HUD REO Repair Amount field.

##### **(B) Required Documentation**

The Mortgagee must comply with the [Repair Completion Escrow Requirement](#).

#### **viii. Additional GNND Requirements for FHAC Insuring Application**

##### **(A) Repair Escrow**

If insured under Section 203(b) with Repair Escrow, the Mortgagee must check “Yes” in the Escrow Data field. The Mortgagee must enter the amount of the escrow, including the contingency, in the HUD REO Repair Amount field.

##### **(B) Sales Price**

Mortgagees must enter the discounted purchase price.

##### **(C) Secondary Financing**

Mortgagees must complete information regarding secondary financing by entering:

- “Yes” in the Secondary Financing field;
- the amount of the discount by which the sales price was reduced in the Amount field;
- “Federal Government” in the Source of Funds field; and
- “HUD GNND” in the Source Name field.

##### **(D) \$100 Down**

In the \$100 REO Down Payment Program field, Mortgagees must enter “Yes.”

#### **ix. Additional \$100 Down Requirements for FHAC Insuring Application**

In the \$100 REO Down Payment Program field, Mortgagees must enter “Yes.”



## **II. ORIGINATION THROUGH POST-CLOSING/ENDORSEMENT**

### **B. Appraiser and Property Requirements for Title II Forward and Reverse Mortgages**

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item less accrued depreciation. The Appraiser must include consideration of physical depreciation, functional obsolescence (including superadequacies) and external obsolescence in the estimate of accrued depreciation and apply the resulting calculation of the Contributory Value to the comparable sales.

#### **(F) Income Approach Based Methods**

##### **(1) Gross Rent Multiplier Method**

If the Property is located in a market where the Appraiser can calculate a GRM, and rental data for properties with similar special energy components is available, the Appraiser must extract an adjustment relevant to the rental value of the feature from the analysis of those similar rentals and apply the appropriate GRM factor to calculate an adjustment for the comparable sales.

##### **(2) Net Income/Savings Capitalization Method**

The Appraiser may use an income approach solution based on capitalization of savings attendant to the alternative energy source. The Appraiser may estimate the present value of the future benefit using the discounted cash flow technique or commercially available tools; however, the Appraiser must be competent to use them and provide an explanation of the analysis.

#### **(G) Reconciliation of the Approaches**

The Appraiser may elect to utilize some of the tools and training available from professional organizations and energy-related firms. The Appraiser must provide a credible analysis and reconciliation explaining the methodology and support for the adjustment.

As related to special building components, the Appraiser must provide an analysis of the information and conclusions supporting the application of adjustments.

The Appraiser must reconcile all the methods utilized and resolve to a final opinion of the adjustment, analyzing both the quantity and quality of available data.

#### **e. HUD Real Estate Owned Properties**

##### **i. Definition**

A HUD REO Property, also known as a HUD home or a HUD-owned home, refers to a one- to four-unit residential Property acquired by HUD as a result of a foreclosure on an FHA-insured Mortgage **or other means of acquisition**, whereby the Secretary of HUD becomes the property owner and offers it for sale to recover the mortgage insurance claim that HUD paid to the Mortgagee.

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##### (I) Pre-Foreclosure Sale Program

###### (1) Assignment Type

Under “Assignment Type” in the “Subject” section of the appraisal reporting form, the Appraiser must mark the box labeled “other” and indicate that the Property is a HUD Pre-Foreclosure Sale (PFS) Property.

###### (2) Intended Use of Appraisal

The intended use of the appraisal is to develop the as-is Market Value, which is a Mortgagee’s tool for determining the list price of a HUD PFS Property ([24 CFR § 203.370](#)).

###### (3) Intended User

FHA is the intended user of a PFS appraisal.

###### (4) Sales Comparison Approach

Sales selection requirements for PFS are the same as the [sales comparison approach](#) in the REO section of this *SF Handbook*.

###### (5) Appraisal Conditions

PFS Properties are to be appraised “as is,” in the condition as it exists on the effective date of the appraisal. The value to be determined is Market Value. The Appraiser must provide an analysis and report of the value of the subject Property “as is.”

Under “Reconciliation” in the “This appraisal is made” segment, the Appraiser must mark the box labeled “as is.”

#### **iv. Appraisals for HUD Real Estate Owned Properties Purchased With a New FHA-insured Mortgage**

A new appraisal must be prepared for all transactions involving the purchase of a HUD REO Property with a new FHA-insured Mortgage. The appraisal must be prepared in accordance with the requirements of [HUD Real Estate Owned Properties](#) except as noted.

##### **(A) Property Meets HUD’s MPR**

If the appraisal reveals that the Property meets HUD’s MPR, the Appraiser must complete the appraisal report “as is.”

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### **B. Appraiser and Property Requirements for Title II Forward and Reverse Mortgages**

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##### **(B) Property Requires Repairs**

If the appraisal reveals that the Property requires repairs in order to meet HUD's MPR, the Appraiser must provide an estimate of the cost to cure and complete the report "Subject to the following repairs or alterations on the basis of the hypothetical condition that the repairs or alterations have been completed."

## **FHA Single Family Housing Policy Handbook**

### **GLOSSARY**

#### **30-Day Account**

A 30-Day Account refers to a credit arrangement that requires the Borrower to pay off the outstanding balance on the account every month.

#### **30-Day Advance Prepayment Notice Period**

The 30-Day Advance Prepayment Notice Period refers to the time requirement for the Borrower to provide advance notice to the Mortgagee for prepayment of an FHA-insured Mortgage insured prior to August 2, 1985.

#### **90-Day Review**

The 90-Day Review is a Mortgagee's required evaluation, occurring before four monthly installments are due and unpaid, of a Defaulted Mortgage for appropriate Loss Mitigation Options.

#### **Accessory Dwelling Unit (ADU)**

An Accessory Dwelling Unit (ADU) refers to a habitable living unit added to, created within, or detached from a primary one-unit Single Family dwelling, which together constitute a single interest in real estate. It is a separate additional living unit, including kitchen, sleeping, and bathroom facilities.

#### **Acquisition Cost**

The Acquisition Cost is the purchase price of the Property, including closing costs, prepaid costs, and commissions, if paid by the purchaser, but not including the cost of any repairs that the purchaser makes to the Property subsequent to acquisition.

#### **Active Duty**

Active Duty refers to a status where a person has a full-time military occupation.

#### **Adequate Vehicular Access**

Adequate Vehicular Access to Property refers to an all-weather road surface over which emergency and typical passenger vehicles can pass at all times.

#### **Adjustable Rate Mortgage**

An Adjustable Rate Mortgage (ARM) refers to a Mortgage in which the interest rate can change annually based on an index plus a margin.

#### **Adjusted As-Is Value (applicable to 203(k) only)**

For purchase transactions, the Adjusted As-Is Value refers to the lesser of:

- the purchase price less any inducements to purchase; or
- the As-Is Property Value.

For Refinance transactions, the Mortgagee must obtain an as-is appraisal to determine the Adjusted As-Is Value when the existing debt on the Property plus the cost of repairs exceeds the After Improved Value, or the Property was acquired within 12 months of the case number assignment date.

For Properties acquired greater than or equal to 12 months prior to the case number assignment date:

- When an appraisal is required, the Adjusted As-Is Value is the As-Is Property Value.
- When the existing debt on the Property plus the cost of repairs does not exceed the after-improved value, the Mortgagee has the option of using the existing debt or an as-is appraisal to determine the Adjusted As-Is Value.

For Properties acquired within 12 months of the case number assignment date:

- For Properties acquired by the Borrower within 12 months of the case number assignment date, the Adjusted As-Is Value is the lesser of:
  - existing debt plus fees associated with the new Mortgage; or
  - the As-Is Property Value.
- For Properties acquired by the Borrower within 12 months of the case number assignment date by inheritance or through a gift from a Family Member, the Mortgagee may utilize the calculation of Adjusted As-Is Value for Properties acquired greater than or equal to 12 months prior to the case number assignment date.

~~For HUD-REO, the Adjusted As-Is Value is the lesser of:~~

- ~~• the contract sales price; or~~
- ~~• the listing price.~~

### **Adjusted Value (not for 203(k) Mortgages)**

For purchase transactions, the Adjusted Value is the lesser of:

- purchase price less any inducements to purchase; or
- the Property Value.

For refinance transactions:

- For Properties acquired by the Borrower within 12 months of the case number assignment date, the Adjusted Value is the lesser of:
  - the Borrower's purchase price, plus any documented improvements made subsequent to the purchase; or
  - the Property Value.
- Properties acquired by the Borrower within 12 months of case number assignment by inheritance or through a gift from a Family Member may utilize the calculation of Adjusted Value for Properties purchased 12 months or greater.
- For Properties acquired by the Borrower greater than or equal to 12 months prior to the case number assignment date, the Adjusted Value is the Property Value.

### **Advertising Device**

An Advertising Device is a channel or instrument used to solicit, promote or advertise FHA products or programs. Advertising Devices are present in the entire range of electronic and print

**Arm's Length PFS Transaction**

An Arm's Length Pre-Foreclosure Sale (PFS) Transaction is between two unrelated parties that is characterized by a selling price and other conditions that would prevail in an open market environment and without hidden terms or special understandings existing between any of the parties (e.g., buyer, seller, Appraiser, sales agent, closing agent, and Mortgagee).

**Arm's Length Transaction**

An Arm's Length Transaction refers to a transaction between unrelated parties who are each acting in their own best interest.

**Articles of Organization**

Articles of Organization refers to articles of incorporation, charter, articles of association, constitution, trust instrument, or any other written instrument by which an organization is created.

**As-Is Property Value (applicable to 203(k) only)**

As-Is Property Value refers to the Adjusted As-Is Value as determined by the FHA Roster Appraiser except in the case of Property Flipping, ~~and HUD REO purchases.~~

**Authoritative Copy**

The Authoritative Copy refers to the controlling reference copy. The Authoritative Copy of an electronically signed document refers to the electronic record that is designated by the Mortgagee or holder as the controlling reference copy.

**Authorized Third Party**

Authorized Third Parties are parties who are not Borrowers on the Mortgage but who are authorized to communicate with Mortgagees regarding a Mortgage.

**Automobile Allowance**

Automobile Allowance refers to the funds provided by the Borrower's employer for automobile related expenses.

**Base Loan Amount**

The Base Loan Amount is the mortgage amount prior to the addition of any financed Upfront Mortgage Insurance Premium (UFMIP). Unless otherwise stated in this *SF Handbook*, all references to maximum mortgage amount or mortgage amount shall refer to the Base Loan Amount.

**Basis Point**

A Basis Point (bps) is one one-hundredth of one percent.

**Boarder**

Boarder refers to an individual renting space inside the Borrower's Dwelling Unit.

**Homeowners' Association/Condominium Assessment**

A Homeowners' Association (HOA)/Condominium Assessment is a periodic payment required of property owners by an HOA or condominium association.

**Homeowners' Association /Condominium Fees**

Homeowners' Association (HOA)/Condominium Fees are HOA/Condominium Assessments plus interest, Late Charges, collection/attorney fees, and other penalties.

**Homeownership and Opportunity for People Everywhere (HOPE) Grantee**

Homeownership and Opportunity for People Everywhere (HOPE) Grantee refers to an Entity designated in the homeownership plan submitted by an applicant for an implementation grant under the HOPE program.

**Housing Development Experience**

Housing Development Experience is defined as acquisition, rehabilitation, and sale to low-to-moderate income persons.

**Housing Obligation/Mortgage Payment**

A Housing Obligation/Mortgage Payment refers to the monthly payment due for rental or Properties owned. For the purposes of servicing the Mortgage, Mortgage Payment refers to the total monthly payment on the FHA-insured Mortgage.

**HUD-approved Nonprofit**

A HUD-approved Nonprofit is a nonprofit agency approved by HUD to act as a mortgagor using FHA mortgage insurance, purchase the Department's Real Estate Owned (REO) Properties (HUD Homes) at a discount, and provide secondary financing.

**HUD Certification Label**

HUD Certification Label, also known as a HUD seal or HUD tag, refers to a two inch by four inch aluminum plate permanently attached to Manufactured Housing.

**HUD Real Estate Owned Property**

A HUD Real Estate Owned (REO) Property, also known as a HUD Home or a HUD-owned home, refers to a one- to four-unit residential Property acquired by HUD as a result of a foreclosure on an FHA-insured Mortgage or other means of acquisition, whereby the Secretary of HUD becomes the property owner and offers it for sale to recover the mortgage insurance claim that HUD paid to the Mortgagee.

**Identity of Interest**

Identity of Interest refers to a transaction between family members, business partners or other business affiliates.

**Imminent Default**

A Borrower facing Imminent Default is defined as a Borrower who is current or less than 30 Days past due on their Mortgage Payment and is experiencing a significant, documented

**Instrumentality of Government**

An Instrumentality of Government refers to an Entity that was established by a governmental body or with governmental approval or under special law to serve a particular public purpose or designated by law (statute or court opinion) and does not have 501(c)(3) status.

**Insured HUD REO Property Purchase**

An Insured HUD REO Property Purchase refers to the purchase of a HUD REO Property by a Borrower with a new FHA-insured Mortgage.

**Interested Parties**

Interested Parties refer to sellers, real estate agents, builders, developers or other parties with an interest in the transaction.

**Interested Party Contribution**

Interested Party Contribution refers to a payment by an Interested Party, or combination of parties, toward the Borrower's origination fees, other closing costs and discount points.

**Investing Mortgagee**

An Investing Mortgagee is an organization that invests funds under its own control.

**Investment Income**

Investment Income refers to interest and dividend income received from assets such as certificates of deposits, mutual funds, stocks, bonds, money markets, and savings and checking accounts.

**Investment Property**

Investment Property refers to a Property that is not occupied by the Borrower as a Principal or Secondary Residence.

**Investor**

Investor refers to a Borrower(s) who will not occupy the home as a Principal or HUD-approved Secondary Residence (non-owner occupant).

**Judgment**

Judgment refers to any debt or monetary liability of the Borrower, and the Borrower's spouse in a community property state unless excluded by state law, created by a court, or other adjudicating body.

**Jurisdictional HOC**

Jurisdictional HOC refers to the Homeownership Center (HOC) whose jurisdiction includes the state in which the Property is located.

**Land Subsidence**

Land Subsidence refers to the lowering of the land-surface elevation from changes that take place underground, including damage caused by sinkholes.



**FNMA** - Federal National Mortgage Association (also known as Fannie Mae)

**FRS** - Federal Reserve System

**FSM** - Field Service Manager

## **G**

**GAAP** - Generally Accepted Accounting Principles

**GAAS** - Generally Accepted Auditing Standards

**GAGAS** - Generally Accepted Government Auditing Standards

**GBA** - Gross Building Area

**GEM** - Growing Equity Mortgages

**GFE** - Good Faith Estimate

**GLA** - Gross Living Area

**GNMA** - Government National Mortgage Association (also known as Ginnie Mae)

**GNND** - Good Neighbor Next Door

**GPM** - Graduated Payment Mortgages

**GRM** - Gross Rent Multiplier

**GSA** - General Services Administration

**GSE** - Government-Sponsored Enterprise

## **H**

**H4H** - HOPE for Homeowners

**HAMP** - Home Affordable Modification Program

**HECM** - Home Equity Conversion Mortgage

**HERMIT** - Home Equity Reverse Mortgage Information Technology

**HERR** - Home Energy Rating Report

**HERS** - Home Energy Rating System

**HHF** - Hardest Hit Fund

**HOA** - Homeowners' Association

**HOC** - Homeownership Center

**HOPE** - Homeownership and Opportunity for People Everywhere

**HUD** - U.S. Department of Housing and Urban Development

**HUDCLIPS** - HUD's Client Information and Policy System

## **I**

**IBTS** - Institute for Building Technology and Safety (IBTS)

**ID** - Identification

**IEC** - International Electrotechnical Commission

**IECC** - International Energy Conservation Code

**IHA** - Indian Housing Authority

**IPA** - Independent Public Accountant

**IRA** - Individual Retirement Account

**IRC** - Internal Revenue Code

**IRS** - Internal Revenue Service